

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 ABF-01 FS-01 OPR-02 /017 W

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P 151548Z NOV 76

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC PRIORITY 6778

USIA WASHDC PRIORITY

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DEPT FOR EUR/EX

USIA FOR IWE, IOA/F

E.O. 11652: N/A

TAGS: AFIN, APER, IC

SUBJECT: PROPOSED WAGE INCREASE

REF: STATE 268774 AND PREVIOUS

1. WITH REFERENCE TO QUESTION POSED IN PARAGRAPH ONE OF STATE 268774, THE WAGE INCREASE GRANTED TO MOST ICELANDIC WORKERS AS OF NOVEMBER 1, 1976, IS BASED SOLELY ON THE RISE IN THE COST-OF-LIVING INDEX BEYOND ARBITRARY LIMIT SET IN FEBRUARY GENERAL WAGE CONTRACT. IT IS INDEPENDENT OF FIXED PERCENTAGE PAY RAISES INCORPORATED IN THE SAME CONTRACT.

2. CONFUSION MAY STEM FROM TIMETABLE AGREED ON IN CONTRACT FOR SCHEDULE OF TWO TYPES OF INCREASES DESCRIBED ABOVE. FIXED RATE INCREASES OF 6 PERCENT, 6 PERCENT, AND 5 PERCENT WERE OR ARE EFFECTIVE RESPECTIVELY ON JULY 1, OCTOBER 1, AND FEBRUARY 1, 1977. INCREASES BASED ONLY IN INCREASE IN COST-OF-LIVING INDEX WERE OR ARE TO BE EFFECTIVE ON THE FIRST OF THE FOLLOWING MONTH IF INDEX EXCEEDS CERTAIN SPECIFIED LIMIT ON JUNE 1, OCTOBER 1, AND FEBRUARY 1, 1977, AND ARE COMPLETELY INDEPENDENT FROM FIXED RATE INCREASES DESCRIBED ABOVE.

3. COMMENTS CONTAINED IN PARAGRAPH TWO REFTEL VERY MUCH
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APPRECIATED. HOWEVER, EMBASSY/USIS IS VERY CONSCIOUS OF NEED

TO MAINTAIN LOCAL WAGE SCALES ON COMPETITIVE BASIS WITH THOSE FOR EMPLOYEES IN OTHER SECTORS. FOR EXAMPLE, GOOD MANAGEMENT DICTATES THAT WE KEEP IN CLOSE TOUCH WITH THE US GOVERNMENT'S LARGEST EMPLOYER, THE NAVAL BASE AT KEFLAVIK, WHICH EMPLOYS ALMOST 700 ICELANDERS AND WITH OTHER EMPLOYER AND UNION ORGANIZATIONS AS TO THE PROPOER INTERPRETATION OF WAGE AGREEMENTS. ALL PARTIES CONCERNED HAVE ADVISED THE EMBASSY THAT WAGE INCREASES ARE MADE ON THE GROSS RATHER THAN THE BASE WAGE. CONSEQUENTLY, THE LOCAL WAGE SCHEDULE BEING USED AT THIS TIME IS IN LINE WITH WAGES PAID BY THE US NAVAL STATION AT KEFLAVIK AND BY ICELANDIC FIRMS.

4. IN VIEW OF ABOVE THE DEPARTMENT IS REQUESTED TO GRANT PERMISSION FOR THE IMPLEMENTATION OF A 3.11 (THREE POINT ONE ONE) ACROSS THE BOARD WAGE INCREASE EFFECTIVE FROM NOVEMBER 7 (PP 23).

5. ADVISE SOONEST.
BLAKE

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Margaret P. Grafeld
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